

Message Text

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ACTION EUR-12

INFO OCT-01 IO-11 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02 CIAE-00

COME-00 EA-07 FRB-03 INR-07 NEA-10 NSAE-00 OPIC-03

LAB-04 SIL-01 PA-01 PRS-01 USIA-06 /113 W

----- 036134

R 091800Z JAN 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7963

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

USMISSION EC BRUSSELS

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USMISSION GENEVA

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AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

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E.O. 11652: N/A

TAGS: ELAB, PINT, UK

SUBJECT: IS THE "SPIRIT OF CHEQUERS" DEAD? - A CONVERSA-
TION WITH SIR RONALD MCINTOSH

1. SIR RONALD MCINTOSH. THE DIRECTOR GENERAL OF THE NA-
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TIONAL ECONOMIC DEVELOPMENT ORGANIZATION (NEDO), ACKNOW-

LEDGES THAT THE CHRYSLER BAIL-OUT AFFECTED ,THE MOMENTUM OF BRITAIN'S LEW INDUSTRIAL STRATEGY" ENUNCIATED AT THE CHEQUERS MEETING BUT HE INSISTS THAT IT DID NOT BY ANY MEANS KILL THE SOIRIT OF CHEQUERS. SIR RONALD DISCUSSED THIS AND RELATED ISSUES DURING A MEETING WITH LONDON-BASED LABOR ATTACHES. (HE WAS ACCOMOANIED BY JOHN COUSINS, FORMER TGWU NATIONAL OFFICER, WHO IS NOW HIS INDUSTRIAL RELATIONS ADVISOR.)

2. A BASIC ASSUMPTION OF THE "NEW INDUSTRIAL STRATEGY" IS THAT GOVERLMENT WOULD NOT INTERVENE TO HELP AILING OR DYING INDUSTRIES. WHEN THE GOVERNMENT MADE ITS UNDERTAKING TO ASSIST CHRYSLER, MANY OBSERVERS -- IN THE PRESS AND ELSEWHERE -- ARGUED THAT THIS DECISION NEGATED THIS ASPECT OF THE CHEQUERS UNDERSTANDING. (OF COURSE, THERE ARE THOSE INDIVIDUALS SUCH AS SAMUEL BRITTAN,"FINANCIAL TIMES" DECEMBER 18, 1975, WHO DECLARED "THERE WAS VERY LITTLE STRATEEY TO START WITH, AND WHAT THERE IS WAS MOSTLY BAD.")

3. SIR RONALD EXORESSED UNDERSTANDING FOR THE GOVERNMENT'S ACTION IN THE CHRYSLER CASE, BUT VIEWS IT BASICALLY AS A ONE-TIME, EXCEPTIONAL DECISION MADE LARGELY TO KEEP A SIGNIFICANT NUMBER OF WORKERS EMPLOYED FOR "A COUOLE MORE YEARS." NEXT WEDNESDAY (JAN. 14) WHEN THE TRI-PARTITE (GOVT., UNIONS AND INDUSTRY) NATIONAL ECONOMIC DEVELOPMELT COUNCIL (NEDC) MEETS FOR THE FIRST TIME SINCE CHEQUERQ. IT WILL ATTEMPT TO REGAIN THE MOMENTUM LOST AS A RESULT OF CHRYSLER ACTION. CHEQUERS IS ABSOLUTELY NOT DEAD," HE INSISTED,"BUT SIMPLY DORMANT."

4. SIR RONALD SAID THAT THE NEXT MEETING OF NEDC WHICH IS THE MAIN FMRUM FOR NATIONAL ECONOMIC CONSULTATION WILL BE DIVIDED INTO THREE MAJOR ASPECTS. FIRST, HE SAID. "THERE WILL BE RHETORIC," I.E., PUTTING CHRYSLER INTO ITS PROPER OEPSPECTIVE AS A UNIOUE. ONE-OFF ACTION, AND TRYING TO REGAIN THE MOMENTUM WHICH ORIGINATED WITH CHEQUERS. HE IS CONFIDENT THAT THIS CAN BE DONE, BECAUSE, AS HE PUT IT, "ALL OF YOU MUST CERTAINLY BE AWARE OF THE CHANGED ATMOSPHERE IN THIS COUNTRY" AND THE GREATER LIMITED OFFICIAL USE

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UNDERSTANDING WHICH EXISTS THAT SOMETHING MUST BE DONE TO PUT THE COUNTRY BACK ON ITS FEET.

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5. THE MEETING WILL THEN DISCUSS THE THIRTY INDUSTRIAL
SECTORS (COMPPOSING ABOUT 60 PERCENT OF BRITISH INDUSTRY)
WHICH THE DEOARTMENT OF INDUSTRY AND HM TREASURY EXOECT
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TO FORM THE CMRE OF A REVITALIZED INDUSTRIAL BASE. FINALLY. THE CONFEREES WILL TAKE UP THE QUESTION OF GOALS - LARGELY AT THE INSISTANCE OF THE TUC -- FOR ESTABLISHING A TIME FRAME IN WHICH UNEMPLOYMENT WILL BE REDUCED TO LESS THAN ONE MILLION AND A TIME FRAME FOR AN UPWARD MOVEMENT IN THE GROWTH RATE. SIR RONALD BELIEVES THAT IT MAY BE QUITE POSSIBLE TO REDUCE UNEMPLOYMENT TO THAT FIGURE IN 1975 (ALTHOUGH THE UNIONS WANT THIS TO BE ACHIEVED EARLIER -- BY THE END OF 1976). HE ALSO BELIEVES THAT A 3 PERCENT GROWTH RATE TARGET CAN BE SET FOR 1977.

6. AS FOR THE MANAGEMENT SIDE OF THE TRIANGLE. IT WILL HAVE TO BE ASSURED THAT THE GOVERNMENT HAS A COHERENT POLICY RATHER THAN THE PERENNIAL "FITS AND STARTS" POLICIES WHICH HAVE BEEN TRUE IN THE PAST. MANAGEMENT ALSO NEEDS REASSURANCE, HE SAID, THAT THE LABOR GOVERNMENT WILL ACT IN A "SOCIAL-DEMOCRATIC" RATHER THAN "TRIBUNE" MANNER. (THIS MEANS, FOR EXAMPLE, THAT THE GOVERNMENT WILL PROVIDE REAL ASSURANCES TO BUSINESS THAT PROFIT IS NO LONGER A DIRTY WORD.)

7. SIR RONALD GAVE A REALISTIC ASSESSMENT OF THE CURRENT ECONOMIC SITUATION. BRITAIN IS "IN A REAL DECLINE AND UNLESS THE DECLINE IS STOPPED NOW, IT WILL BE IRREVOCABLE." HE DESCRIBES HIMSELF AS BEING "MIDDLINGLY" OPTIMISTIC. HE REITERATED HIS BELIEF THAT THERE IS A REALISTIC. MUCH MORE SOBER ATTITUDE IN ALL SECTIONS AND WITHIN ALL INTEREST GROUPS IN THE COUNTRY. THIS NEW CLIMATE, HE SAID, MAKES THE "RESTORATION OF CONFIDENCE" POSSIBLE. A MAJOR TASK, AND THIS WILL BE DISCUSSED NEXT WEDNESDAY AS WELL, IS TO STIMULATE BUSINESS INVESTMENT THIS YEAR -- WITH GOVERNMENT HELP. HE ALSO WISHES TO SEE NEDDO BECOME MUCH MORE THAN THE "TALKING SHOP" IT HAS BEEN SOMETIMES DESCRIBED AS IN ORDER THAT IT CAN PLAY A MORE IMPORTANT ROLE IN THE TRANSFORMATION OF BRITISH INDUSTRY.

RICHARDSON

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